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## CAPITALISM ON TRIAL IN RUSSIA.<sup>1</sup>

THE last few years in Russia have been marked by a general awakening of the Russian public from the mental apathy into which it had lapsed since the beginning of the eighties. Never since the time of the emancipation of the serfs has the general reading public been taking so much interest in discussions of questions of public policy. Never have the magazines and newspapers devoted so much space to articles on economics and political philosophy as they have during the present decade, and especially during the last two or three years. The first impetus to this general revival was given by the famine of 1892, which brought thinking people face to face with the fearful, unheard-of condition in which the yeomen of the country — its bulwark in war and mainstay in peace — have been placed. The physical degeneration and the moral degradation of the peasantry, resulting from a life full of privation and under constant oppression, were so appalling as to cause a feeling of shame and an outbreak of indignation, and, breaking all barriers of censorship, to force the discussion of the subject.

But not until two or three years ago did the discussion assume its present scientific character and become concentrated on the subject of economics and philosophy. This change has been due to three books, which, for their influence in moulding public opinion in Russia, as well as in clearing a new path for scientific research, may truly be called epoch-making works. Of these, the first in point of time was Peter Struve's *Critical Observations on the Economic Development of Russia*; the other two are mentioned in the note below. Before saying anything about these books, however, a few preliminary remarks may help the American reader to grasp more clearly the question at issue.

<sup>1</sup> The Monistic Conception of History. By N. Beltof, St. Petersburg, 1895. — 287 pp.

The Theoretical Basis of Peasantism in the Works of Mr. V. V. (Voronzof). By A. Volgin, St. Petersburg, 1896. — 283 pp.

## I.

The emancipation of the peasants was carried out in a form which represented a compromise between the demands of the socialists, who advocated the redemption of land by the government and its return to the peasants, and the resistance of the landed nobility, who opposed emancipation in any form whatever, and most of all the plan of providing the peasants with land. The former, headed by Nikolai Chernyshevsky, Russia's famous economist and brilliant journalist, based their demands on the fact that the peasants at the time lived in a state of natural economy and had preserved intact the primitive organization of communal landholding. The idea of private property in land was, indeed, so foreign to the minds of the peasants that they naïvely imagined that the land belonged to them — that is, to the present commune (*mir*) — even while they were in servitude. "We are yours, but the land is ours," was the common saying among them.<sup>1</sup> Pointing to the sad experience of Western Europe, Chernyshevsky and his party urged the adoption of their plan, as the only means of preventing the formation in Russia of a proletarian class at that time unknown there. They thought it possible for Russia to develop an economic system, different from the systems in other countries, based on common ownership of land, with the principle of communism carried out in other branches of production — in short, "to benefit by the lessons taught by the history of Western nations and find out some new way of our own to avoid that evil of pauperism which necessarily accompanies private enterprise in production."<sup>2</sup> It is needless to add that the new way meant socialism.

The emancipation act was worked out, however, without the coöperation of these people, although it bore evidence of the fact that its framers were not unaware of the views and suggestions of the advocates of "emancipation with land." But,

<sup>1</sup> Cf. Stepiak, *The Russian Peasantry*, pp. 7 ff.

<sup>2</sup> Chernyshevsky, *Criticism of the Philosophic Prejudices against Communal Landholding*.

as it was the nobility that had the upper hand in the proceedings, its interests finally triumphed. The peasants accordingly received, on the average, four *dessiatines* (about eight acres) of land for each adult male; and the task of allotting the land was left to special officials selected from the ranks of the nobility. It was then predicted that the measure would prove to be a blow to the economic independence of the peasant, who, unable to support his family on such a tiny holding, weighed down in addition by a heavy redemption fee and an unusually burdensome tax, would be forced to have recourse to his old master, either by renting from him additional land or by working on his estate for wages. The owner, it was said, would then dictate his own terms.

Not only have these predictions proved true, but things have gone even further: the old commune, with its equality of members and solidarity of interests, has been going to pieces at an ever accelerating rate, and the thirty-six years which now separate us from the turning-point in Russian history have seen a most thorough-going revolution taking place in the economic life of the people. The liberation of more than twenty million people, under the conditions just described, has at once set free a great supply of labor, and has given a mighty impulse to industry and commerce. New cities have come into prominence and the old towns have grown, attracting thousands upon thousands of laborers, who no longer find places for themselves in the country. Industry has developed, and continues to grow with unheard-of rapidity. The house industry of the ante-emancipation times is giving place to gigantic factories and large capitalistic concerns which are beginning to monopolize the internal market; while, under the revolutionizing influence of the railway, which has spread all over the country, entangling in its net the remotest nooks of the empire, the natural economy of the peasant is fast giving way, and he appears in the new rôle of a producer for the world's market and a formidable competitor of the American farmer. With a money economy, uncertainty in the market, and special advantages to be derived from quick, shrewd action, the old

commune is going down under the onslaught of individual enterprise—the only rational form under a system of free competition. In fact, at present there is left of the old commune but a vestige, artificially preserved by the government, which uses it as a convenient device for insuring the collection of taxes,<sup>1</sup> to the great disadvantage of the peasantry. Disparity in wealth among the peasants is an established fact; and the steady differentiation of a landed peasant aristocracy and an agricultural proletariat is being observed by all writers on the subject.

In spite of all this, there is still a large number of people in Russia who continue to cherish the unfulfilled hopes of the preceding generation. They form—or at least did form until two or three years ago—a very strong party, are still predominating in all fields of literature and constitute the bulk of the opposition in Russia. They are known there by the name of *Narodnics*, and in English works on the subject have been christened as Peasantists.<sup>2</sup> According to their theory, capitalism has few chances ever to strike root in Russian soil. Eager to catch up with the rich capitalistic nations, Russia (or, according to the *Narodnics*, the Russian government and the Russian *bourgeoisie*) is making extraordinary efforts to transfer the foreign plant to Russian soil. To quote Voronzof, their spokesman :

Russia, using the methods that have been worked out in other industrial countries, such as prohibitory tariffs, government subsidies to private *entrepreneurs*, the awarding of government contracts and other protective measures, will succeed in introducing large industry; but the latter's influence here will be of a different nature. Deprived of the conditions necessary for the development of capitalism, the latter will remain, as it has been, a guest, allured almost by force, not feeling itself at home, and, therefore, unable to exercise

<sup>1</sup> For more detailed and very interesting information on this subject, see Hourwich, *Economics of the Russian Village* (Columbia Studies in Political Science), pp. 33, 34.

<sup>2</sup> *Narodnic* means literally "Populist" (*Narod*-people). The name of "Utopian Socialists" would, in the writer's opinion, come nearest to expressing their profession of faith.

here that enormous influence in all spheres of life which it exerts in the country of its natural origin and existence. Side by side with it will go on production on a small scale ; and the national process of development of the social form of labor,<sup>1</sup> whose quiet, natural course has been only slightly disturbed by the invasion of large capital, will continue without interruption. The process of capitalistic development will be a very slow one, for the absence of an external market prevents it from unfolding its full power. All the experience and the enormous development of technique which it can get gratuitously from the West will be of little benefit to it for the same reason. And if the capitalization<sup>2</sup> of the house industry shall go on at the same slow pace, it is to be hoped that the whole process of development of the social form of labor will be directed along the national path, the path of coöperation (*artel*), where the workers toil not for the purpose of increasing capital, but for the satisfaction of their own needs—where production will have for its object, not its own unlimited expansion, but the saving of labor to the workers.<sup>3</sup>

This is, in a nutshell, the position of the Utopian Socialists in Russia, who hope to go back to the starting-point of the emancipation and, taking the rudder in their hands, to direct the ship of the Russian state to the shores of their fairyland.

Professor Isaief, in an article<sup>4</sup> on the development of Russian industry, summarizes the arguments of the Narodnics against the possibility of the future development of capitalism in Russia as follows :

(1) The impossibility of capturing the foreign markets, the latter being in the hands of the more progressive nations.

(2) The relative contraction of the internal market, since the more capitalism develops, the greater becomes the number of unemployed. In other words, capitalism not only has no chance to expand, but, on the contrary, undermines the ground which it already occupies. In the words of an authoritative writer of that school (Nikolai-on), "while capitalism grows fast, the gross product of the country is diminishing."

<sup>1</sup> By "social" form of labor the Narodnics mean the quasi-socialistic form of production, such as the *artel* and the village commune.

<sup>2</sup> I retain the word here in its Russian sense—that is, the transition from a lower form of production to a capitalistic form.

<sup>3</sup> V. V., "A Kind Critic," *Novoie Slovo*, April, 1896.

<sup>4</sup> *Severny Vestnik* (*Northern Messenger*), I, 1896.

(3) Russian capitalism is the creation of a system of fostering banks and stock companies, in vogue for the last thirty years.

The proper course for Russia, therefore, they conclude, is to go back to the reforms of '61, to continue along the path marked out by history — that is, to base her national economy on its two corner stones, the commune and the *artel*.

Another Narodnic writer<sup>1</sup> regards as prerequisite to the growth of capitalism in any industry : (1) the possibility of the rapid circulation of capital ; (2) the application of complicated machinery. The first of these conditions is, however, unattainable in agriculture, since in the greater part of the civilized world only one harvest per year can be reaped ; while the second condition does not exist in Russian agriculture. These two facts combine to make the advent of capitalism in agriculture impossible, or at least very difficult, and enable the small farmer to carry on a successful struggle with the large owner. Capitalism has thus no future in Russia, an agricultural country *par excellence*, unless fostered by artificial means.

Around these questions rages the storm of economic discussion which fills the pages of the Russian magazines. In this theoretical controversy we find the Utopian Socialists confronted, on the one hand, by the writers of the historical school who favor the growth of capitalism, regarding it as an essential condition of progress, and, on the other hand, by the Marxists, who, recognizing the existence of capitalism and regarding the present system as a stage of transition to socialism, welcome it as a step forward. It was the Marxists who forced the discussion of the question, and it is they who are most active in keeping it up.

Closely connected with this purely economic question stands another of a more philosophic nature, which shares with the former the brunt of the journalistic war. On this the Marxists find themselves alone, in opposition to the other two schools. The point at issue is the historico-philosophic doctrine advanced

<sup>1</sup> Professor Yarotzky, "Two Sides in the Process of Economic Development," *Novoie Slovo*, IV, 1896.

by Marx and Engels, known as the materialistic philosophy of history, or the theory of economic materialism. The theory, as is well known, reduces itself to the following propositions : (1) the economic conditions of a country — that is, the methods of production prevailing there, together with the mutual relations of the producers — constitute the foundation of the social organism, of which everything else, such as legal institutions, forms of government, science, and even religion, is merely the superstructure ; (2) no form of society, no form of government, no system of production remains constant, while methods of production incessantly change in obedience to their own laws of development, and with them change the political, religious and other institutions of society.

Basing their contentions on this theory, the Marxists say that the present growth of capitalism is not the result of a conspiracy or of a "mistake" on the part of the government or of the *bourgeois* class (as the Narodnics claim), but is a necessary step in the process of the development of the country ; that to try to stop its course and to turn back to the so-called historical path of the commune, *artel*, *etc.*, is like fighting windmills ; that, instead of being progressive, the Narodnics are really a reactionary party. The latter, while admitting in part the truth of the two propositions stated above, deny that the law is universal, and claim that the peculiar conditions prevailing in each country — such as its history, its geographical position, the customs of its people, *etc.* — combine to exert a modifying influence on the course of its development. They assert that the capitalistic era is far from being a necessary stage in the course of the evolution of a nation. The growth of capitalism in England, for instance, they say, was preceded by the forcible expulsion of the agricultural population from the land it had occupied ; and, but for that, as well as for the fact that wool raising happened to be more profitable than the cultivation of land, capitalism might never have come. Turning then to Russia, they triumphantly point to the letter of Karl Marx, written by him in 1877 in reply to a Russian critic, in which he said :



If Russia will continue to follow the course she entered upon after 1861, she will lose one of the most favorable opportunities which the historical process has ever given to a people to avoid all the vicissitudes of capitalist development.<sup>1</sup>

In this they see an admission on the part of Marx that Russia might introduce socialism without going through a development of capitalism. Granting to the Marxists that, since the utterance of Marx, an interval of twenty years has elapsed, during which Russia has persistently continued in its dangerous "course," granting that the Russian commune has suffered great reverses, they insist that Russian capitalism has by no means captured all the important positions which would entitle it to the claim of victory. That Marx' law of evolution is not susceptible of universal application is well shown, they say, by the different forms of land-tenure in the countries of Western Europe. While in England large landholding is the predominating form, France is the classic land of small holdings, with less than one-third of the soil in the hands of large land-owners ; while in Germany all the three forms—small, medium and large-sized holdings—manage to thrive side by side. This shows that if large capital may eventually succeed in driving out the small competitors in the domain of manufacturing, such is not, by any means, the case in agriculture.

But, even accepting the whole of Marx' theory, the question still remains as to the part played by the individual in the process of historical evolution. Do not the economic forces, which set society in motion, act through man and reveal themselves by their influence on man ? If so, is it right to maintain that man is a mere plaything, rocked by the waves of the stormy ocean of history, left to the mercies of the blind forces of nature ? Nay, would not a rational interpretation of the law enunciated by Marx also imply that

the forms of society are a product of the ideas and sentiments of men who take part in their creation, so that the mental and moral powers of man—partly given to him by nature, partly developed by preceding history, as well as by the degree of active participation in the

<sup>1</sup> *Juridicesky Vestnik*, 1888.

process of evolution by various classes of the population, representing heterogeneous psychical types — are historical factors of prime importance?<sup>1</sup>

From this it is but one step to assert that

by making a systematic study of the social relations and embracing the isolated facts in a harmonious system, the intelligent class<sup>2</sup> is enabled to exercise an influence on the course of events which is at once systematic and conscious of its aims.

If the reader will take into consideration that the Narodnic has not as yet given up the hope that the *mir* has preserved enough of vitality to allow of its being resuscitated under “intelligent action,” “conscious of its aims,” the practical conclusion from these philosophic postulates will at once become apparent: the cultured class, standing above the plane of personal material interests, must devote its whole energy, must exert its influence in all spheres of life, practical as well as legislative, to further the development of the coöperative principle in agriculture and industry and to prevent by all means the triumph of individual enterprise, which leads to the destruction of coöperation and the development of capitalism. In the words of the most popular writer of this school,

there is another course [that is, another besides that of going through capitalism], much more difficult, it is true; but an easy solution of a question is not necessarily a correct one. This other course consists in the development of those relations of labor and property which already exist in reality, though in an extremely rude, primitive form. To be sure, this object cannot be attained without government interference on a large scale.<sup>3</sup>

Let us now see how these contentions are met by the representatives of the new school of Marxists, who are just now getting the ascendancy in the field of Russian economics.

<sup>1</sup> Our Tendencies, by V. V., cited by Beltof, p. 3.

<sup>2</sup> The Russian term *Intelligentsia* is applied to a large class of people who have received a college or university education. The believers in this “subjective method in sociology” hope to see a radical reconstruction of Russian institutions which will be due to the enlightened activity and moral leadership of that class.

<sup>3</sup> N. K. Michailovsky, II, 102, 103.

## II.

The ideas and aspirations of the Narodnics were shared not only by their more conservative wing, which dominated the field of literature, but lay at the bottom of the program of the revolutionary party, "The Will of the People," which became so famous throughout the world for its energetic propaganda, as well as for the terroristic activity that marked the seventies and early eighties in Russia. The failure of that party to bring about practical reforms, notwithstanding the seeming success it gained in assassinating Alexander II, at first brought on a spirit of discouragement in the ranks of the revolutionists, as well as among all progressive people in Russia. The eighties are, therefore, marked by the despondency that found expression in the doleful form of Russian poetry, in the colorless writings of the times, in the deadly stillness of political life. It was evident that something was wrong, that the now blighted hopes of the Narodnics were based on erroneous assumptions. In 1883, in the midst of the chorus of wailing and despair on the one hand, and of the "triumphant grunting"<sup>1</sup> of the reaction on the other, a new note made itself heard: a little pamphlet, issued by the newly founded "Society for the Emancipation of Labor," boldly attacked the accepted views of the Narodnics, insisting that they needed a thorough revision and claiming that, as the whole earlier movement had been based on self-deceit, it was bound to end in failure. At first hardly listened to, then almost drowned in an outcry of indignation from those against whom it had been sounded, this note continued to swell in volume, until now it is heard throughout the land. It was in 1884 that George Plechanof, the founder of the new society and the author of the pamphlet, published a book, entitled *Our Controversies*, in which for the first time the views now expressed by the Marxists were clearly set forth, and the economic illusions of the "original" Russian socialists (Narodnics) were subjected to a remorseless criticism.

<sup>1</sup> Expression used by Russia's great satirist, Saltycof, when describing the triumph of reaction.

The views there expressed slowly, very slowly, found their way to the minds of Russian readers; and to a casual observer they might have seemed to bear no fruit, until the silence was at last broken by the appearance of Struve's *Critical Observations*. This book at once created a sensation, and in a few months was no more to be found on sale. There was not a magazine, not a newspaper in Russia, but that devoted article after article to the questions touched upon by its author. Notwithstanding its great merits, the work could not find its way into a single one of the leading magazines for which it had been originally intended, so heterodox did the views expressed in it seem to the radical editors and leaders of public thought in Russia. It was this state of affairs that forced the author to publish the work in book form. The book owes its success to two facts: (1) that it appeared after the famine had broken out, when the question of the causes of the famine was still agitating the public mind; (2) to the contrast between the views set forth and those generally accepted, and to the fact that the new ideas were therein for the first time plainly expressed in the "legal"<sup>1</sup> press.

To begin with, Struve takes exception to the views of the subjective sociologists as to the all-powerful controlling influence exerted on the historical development of a nation by the ideals that may be entertained by its educated classes. While recognizing their importance in the history of mankind, he maintains that they are but the ultimate product of the economic conditions prevailing in the country at a given time, and that only those ideals which are in line with the natural trend of economic development are destined to triumph and to exert an influence on the minds of the people. But he irretrievably destroys whatever chances he might still have had to gain the ears of his opponents when he declares that, in his opinion, the advent of capitalism in Russia is not only inevitable, but decidedly useful, and that the *obshchina*<sup>2</sup> and

<sup>1</sup> By the "legal press" is meant in Russia all publications allowed by the government, in distinction from "illegal" publications, issued abroad or from secret printing shops.

<sup>2</sup> *Obshchina* and *mir* both denote communal landholding.

*koostar*<sup>1</sup> industry are stumbling-blocks in the way of Russian progress.

Beltov's book, also, has been written in reply to the Russian school of sociologists, who believe in the "subjective method in sociology." It aims at establishing two propositions: (1) that a truly philosophic theory must be monistic, and not eclectic; (2) that the modern materialistic philosophy—or, as the author calls it, "dialectic materialism," as distinguished from the metaphysical materialism of the eighteenth century—is the only scientific system which grasps the intricate workings of society and explains its history. As limits of space forbid a discussion of the purely philosophic part of the controversy, suffice it to say that, after reviewing and criticising at length the various philosophic schools, from the materialists of the last century down to the idealism of Hegel, and after giving a very instructive and brilliant exposition of dialectic materialism, the author applies the principles thus established to the teachings of his opponents and comes to conclusions directly opposed to theirs. Thus, in his opinion, social relations do not constitute a product of conscious activity on the part of individuals, but, on the contrary, themselves influence the conduct and thoughts of the latter: "the development of society is subject to its own laws, that is, its nature depends just as little on the will and conscience of the people as do the geographical conditions of a country"; and, finally, at the basis of this development lie the economic conditions and relations of producers in society. In its practical application this theory teaches that the individual who strives to exert an influence on public affairs cannot achieve great success by trying to shape things directly according to his ideals: on the contrary, he must first study closely the history of the country, and watch carefully the forces that are at work in his own time, after which he may succeed in realizing his ideals to a greater or less extent, provided they are in line with the actual trend of development.

<sup>1</sup> *Koostar* industry is domestic industry in which are engaged peasants who till the ground as an auxiliary occupation. The Russian term is here retained in order to emphasize the distinction between this form and the house industry known in the civilized world, where the artisan appears divorced from agriculture.

We shall see presently why that point has to be emphasized so strongly under the present circumstances in Russia.

Passing to the practical problems which the Russian "subjectivists" set before themselves, Beltof points out the very interesting fact that in all countries the beginning of the development of capitalistic production called forth loud outcries and attempts to prevent its further development. So it was, for instance, in Germany, where it was thought to be the mission of the educated class (*die Gebildeten*) to prevent the development of capitalism and to bring about the organization of industry on a coöperative basis. It was there that the believers in the all-powerful influence of the human will in social affairs asserted that it would be easy to "remove" capitalism; that German capitalism had no chance of development, since it undermined its own foundation by overstocking the market and reducing the purchasing power of the population; and that it was doomed to decay because it could not wrest the foreign markets from the English and French merchants. It is interesting to learn that Marx at that time asserted that Germany suffered not only from capitalism, but also from lack of it.<sup>1</sup> Now the conditions are the same in Russia. Our author makes effective use of this historical fact to show his Russian opponents that their "original" views, identical almost to a word with those of the German eclectics of fifty years ago, are an additional proof of the theory that similar economic conditions produce similar philosophic schools.

The controversy over the part played in history by the individual once settled, the next point at issue between the two warring schools in Russia is as to whether capitalism is developing in Russia, and, if so, whether this development is for the advantage of the nation. This question is dealt with in the other book, *The Theoretical Basis of Peasantism in the Works of Mr. V. V. (Voronzof)*.

This work is divided into two parts. The first, a scathing criticism of the sociological and economic theories of Voronzof, must here be omitted for lack of space — without any serious

<sup>1</sup> Cf. Marx' preface to the first edition of *Capital*.

loss to the American reader, let it be said; the second part deals with the practical questions of Russian economics. In the quasi-socialistic organization of Russian industry the two mainstays, which inspire the followers of an "original national economic policy" with confidence in a speedy realization of a socialist state, are the village commune (*mir*) and the house industry carried on by coöperation on a small scale (*artel*). Volgin has undertaken the task — and, in the writer's opinion, with great success — of waking the Russian public from its pleasant dreams, by bringing to bear upon it a powerful array of prosaic figures and hard facts, coupled with an irresistible logic and a clear, systematic exposition. The wealth of his material is remarkable, drawn as it is from most diverse sources: consular reports of Great Britain, bearing on the competition of Russian goods in foreign, especially Asiatic, markets; the numerous ponderous volumes of the Russian statistical bureaus; the vast literature on Russian agriculture and industry — all lend their aid in exploding theories that had been waiting for many years for a thorough, adequate revision.

Ever since the discovery of the Russian commune by the German Haxthausen, the erroneous notion has existed that it is a survival of the primitive clan organization: such, indeed, has been the theory of the Narodniks, accepted without question or doubt by nearly every one in Russia. The latest investigations, however, conclusively prove that the *mir* was nothing but a shrewd creation of governmental policy, introduced as a parallel to the institution of serfdom. Both of these measures had for their object the creation of a tax-paying class, which was to furnish the enormous means the government needed for carrying out its warlike foreign policy, and which was to support the nobility — originally a sort of military caste. The collective form of ownership at once made impossible any personal claim upon property on the part of the peasants, and thus accomplished two ends: first, it brought about the wholesale expropriation of the peasantry; secondly, it facilitated the process of wholesale enslavement of that class to the nobility and the state. All the peculiar customs of the *mir*, such as

the redivision of land, are traced directly to ukases issued by the government in its own interest. Thus, in the seventeenth century, under Tsar Alexis (father of Peter the Great), a peasant was very severely punished when caught trying to dispose of part of his land, which was used as a basis of taxation. This policy was kept up as long as there was a vast quantity of unoccupied land. But as early as the eighteenth century, when land became rather scarce and the growing needs of the government made a reform of the old system of taxation imperative, the policy of the government with respect to the inalienability of land was reversed. To get at the large number of peasants who had, or pretended to have, no land, a poll tax was introduced in place of the old land tax; and, as it was clear that the peasant's only source of revenue was land, the government assumed the duty of providing every person with it. The old occupants were told, despite their protests and petitions to the contrary, to divide their land with the "landless" peasants. In several localities the peasants tried to resist the new measure by force; but the riots were promptly, and not without great cruelty, put down, and the new order of things — the periodic redivision of land — gradually became part and parcel of the system, only later to mislead the "original" Russian socialists, who see in the custom additional proof of the socialistic nature of the *mir*.

The emancipation of the peasants left the latter with the old *mir*, as the government saw clearly the value of the institution, which made the village as a whole responsible for the taxes of all of its members. But no matter how useful this arrangement might have been under old conditions, says Volgin, this economic policy has, in the long run, brought about results which it is rather queer to idealize. It put the landholder in the same position in which we find him in Egypt, and finally has come to be the greatest obstacle to the development of those productive forces from the lack of which the Russian state has been suffering so long.

The transition from a natural to a money economy, with the possibility of renting additional land from former masters,



very soon changed the disparity in the number of members into a disparity of wealth among households; and has tended further to intensify whatever differences in strength, solidity and resources the peasants started with after the great reform. As early as the beginning of the eighties, quotes our author from an authoritative Narodnic writer,<sup>1</sup>

three groups have clearly differentiated from the mass of the peasants: (a) rich owners of considerable capital, which they accumulated by individual enterprise outside of the commune (such as usurers, wholesale dealers, contractors, large landowners living in the commune, *etc.*); (b) shrewd, enterprising farmers, — genuine commune folk, well-to-do, — whose exclusive aim is the accumulation in their own hands of as much of the allotted and rented land of the *mir* as possible; (c) the free proletariat of the commune — the “horseless,” the “homeless,” the laborers, *etc.*

Unable to till their own farms, small as they are, the poor, the members of the third group, rent it out to those of the second; the latter, as a rule, fix their own prices, and often engage the same peasants to work for them as hired laborers on their own land. Not unfrequently the latter, to escape the necessity of paying taxes, are glad to give away their land. A law allowing the peasants to sell their individual allotments would, therefore, prove a great relief to the poorest members of the commune, who could in that way realize some money for their land and cease paying taxes “for nothing”; for, under the existing conditions, we find many peasants who work in town parting with a share of their earnings to pay the tax on the land that lies idle. While it is natural for the government — out of narrow, one may say suicidal, fiscal considerations — to persist in retaining the law, we find the Narodnics, who profess such tender solicitude for the welfare of the peasant, strenuously advocating the obnoxious law, for the reason that its repeal would remove the last prop which keeps the *mir* from tumbling to pieces. The old quasi-socialistic institution has turned into a curse to the poor and an obstacle to the economic development and technical improvements in Russian agriculture.

<sup>1</sup> Zlatovratsky, *The Peasant Commune*, p. 45.

The well-to-do peasant is prone to invest his money in buying land from outsiders (the neighboring landowner, for example), or to take a long lease on such land, paying much more than he would give his poor fellow-villager, rather than to rent from the latter; for in the former case he can venture on making improvements, feeling perfectly sure that he will reap the full fruits of his sacrifices, while he lacks such security when he improves the allotment of a poor member of the commune who may at any time reclaim his land.

While the disadvantages of the commune thus fall with their full weight on the shoulders of its poorest members, its advantages are reaped only by the rich. The first advantage is derived by the members of the first group, the usurers, who make good use of the power their money gives them over such of the poor peasants as still keep up the culture of their own allotments. The opportunity for such exercise of power generally comes about twice a year, during the collection of taxes and at sowing time, when the peasant, hard pressed for money or seed, is willing to pledge anything to save his household from the auction block and his body from flogging. Within a few years the peasant who once gets into the nets of such a benefactor is usually turned into a homeless proletarian. Another advantage which the well-to-do derive from the commune is the renting of "outside" land on a coöperative basis — with the exclusion, however, of the poor peasants. The latter, being unable to put up the necessary cash and to provide working cattle and agricultural implements on equal terms with their more fortunate neighbors, are forced to rent land, if at all, individually, on terms far less favorable. Having no money, they rent the land on the metayage system, giving away as much as half of the product to the owner of the land. How large is the number of those who are unfavorably affected by the present order of things can be seen from the following figures. The number of peasants having no cattle at all constitutes twenty-five per cent of the peasant population of European Russia, while those having only one head of working cattle constitute over twenty-seven per cent, making a total of over fifty-two per cent of

peasants with ruined households. These figures, furthermore, based on data collected during the eighties, must be considered too low for the present, since the famine and the years following it have done much to hasten the process of disintegration of the mass of the peasants.

In the light of these figures the periodic redivisions of land lose all of their value; for, practically, they do not change anything, weak households being unable to take up more land, and often shrinking from it as an additional burden, while the rich take up all they need of the allotments of the poor. The large villages may now with greater truth be said to represent communes of landowners rather than of land-tillers.

In these villages the land of some seven hundred people is often in the hands of thirty individuals, who engage at harvest time whole armies of laborers. The real, legal owner is in the meantime working somewhere for wages or has gone a-begging.

The village meeting, which used to be a truly republican institution, where every peasant had the right of speech and vote, and where all the important affairs of the commune used to be settled, has now degenerated into a gathering of the village politicians — the usurer, the saloon keeper and the few rich peasants. The poor vote as ordered by the rich. The latter have ample means at their command to break the obstinacy of a poor devil in case of need, not to speak of the powerful *vodka*, whose magic influence is generally felt on such occasions. It is the interest of this class of well-to-do farmers, who get along very nicely, commune or no commune, and who constitute a minority of the peasant population, that the Narodnic has now come to represent. The same can be said of nearly all measures that have been proposed by the Narodnics. Like the American Populists, they demand the establishment of a government bank for advancing loans to peasants. The measure has been carried out; but, instead of helping those for whose supposed benefit the bank was created, it has proved to be an aid to the rich in their work of absorbing the communal land. Possessing more property, they can borrow more money from the bank at a

low rate of interest and then lend it to the poor at usurious rates; for the poor, having but little to give as security, cannot get enough money from the bank. From an ultra-radical party the Narodnics who still remain such are fast degenerating into reactionaries. Their opposition to capitalism, born of a desire to prevent the possible formation of a proletarian class in place of small property holders, has turned into an opposition to progress—into a defense of the interests of the property holder against the already existing class of proletarians.

If such is the conclusion drawn by the author from the review of the present state of the commune, his investigation of the house industry and of the *artel* serves but to confirm it. To begin with, the *koostar*, according to Voronzof's own statement, has the advantage over the town producer in being able to put the price of his goods below their normal value, since he gets the means of subsistence from his patch of land. This statement, our author says, is equivalent to the admission that the "independent" producer is the main factor in keeping down to the lowest possible limit the remuneration of the wage-workers, as well as in deteriorating the economic condition of the *koostar* himself. The only class of people who directly benefit by it are the wholesale buyers, whose relations to the small producers correspond somewhat to those of the American clothing manufacturer to the "sweater." If the *koostar* can thus successfully compete with the city artisan, the only effect his competition has on the large producer is in the introduction of improved machinery, against which it becomes more and more difficult for him to compete.<sup>1</sup> He thus indirectly hastens the progress of the large industry to which the Narodnic is so bitterly opposed. If the *koostar* himself has to be satisfied with an income equal to the difference between the minimum the town artisan can sell for and

<sup>1</sup> Since this article was written (in August, 1897), a very able article on the same subject, by Mr. W. G. Simchowitsch, has appeared in the November issue of Conrad's *Jahrbücher für Nat. Oek. und Stat.* The reader will find there additional data on the subject of the growth of large industry. The article is entitled "Sozial-ökonomische Lehren der russischen Narodniki."

the value of the food products he gets from his land, it is evident that his employee, the village proletarian who has no home to work in, has to fare a great deal worse than the workers employed by the hateful capitalists. Such, indeed, is the case ; and their condition, both as to remuneration and sanitary regulations, appears, from his book, to be really appalling. This is, moreover, due to the fact that the factory regulations cannot be enforced in the case of the village industry, owing to the wide area over which it is scattered and the greater submissiveness of the employees working in isolated, out-of-the-way spots. It is this form of industry, thought to be a purely Russian product, that is to save Russia from the scourge of capitalism.

The two main arguments urged by the Narodnic in favor of the *koostar* industry are : first, that under the latter every worker may become an independent producer ; and, secondly, that it is specially adapted for the formation of *artels*, the development of which must ultimately lead to the triumph of a socialistic organization of industry on a national scale. Having shown how unenviable is the condition of the *koostar*, as compared with that of the factory employee, and how totally dependent this "independent" producer is on the whim and mercy of the wholesale buyer, the author proceeds to analyze the actual condition of the *artel*. According to the spokesman of the Narodnics, the operations of the *artel* reduce themselves to the following :

(1) The existence of the family *artel* and temporary coöperation of *koostars* under the time-honored form of "help."

(2) Coöperative buying of raw material and joint selling of the finished product.

(3) Joint use of workshops and implements.

(4) Productive coöperation in various branches of industry.

Comparing this statement with the facts furnished by statistical investigations and the observations of well-known writers, Volgin comes to the following conclusions :

(1) The so-called family *artel* turns out to be nothing but the participation by the wife and children in the work of the

head of the family — a well-known, rather lamentable phenomenon present in every country where house industry or the sweating system are in vogue. As to temporary coöperation, it takes place in the wagon industry and kindred occupations where the work of bending the wood is done by hand and requires the participation of five or ten persons ; and even this form of coöperation is confined to poor, small families which have neither men enough to do the work themselves nor sufficient money to hire labor. Professor Isaief, who made a special investigation of this subject, brings a mass of facts to support this statement and shows that, wherever coöperation exists, it is in but a feeble form, mainly for the attainment of some immediate end ; that its membership is confined to two or three men ; and that it is found in the most backward industries, requiring no application of instruments and, consequently, no investment of capital.

(2) Coöperative buying, requiring the employment of ready cash, is in its very nature confined to the more fortunate *koostars*, generally employers of labor, corresponding to American "sweaters." Its only result is to enable these to compete more successfully with other producers, and thereby still further to widen the gulf between them and the poorer members, who are ruined and turned into wage-workers. It is the same as with the coöperative renting of land by well-to-do peasants who crowd out the poorer members of the commune : that is, "the more such coöperations grow and the more useful they prove to their members, the worse it will be for the old order of things" which the Narodnics defend, for it leads directly to capitalistic enterprises and money operations.

(3) The joint use of workshops and implements has been shown to be an argument against, rather than for, the assertions of the Narodnics. This practice is confined mainly to members of large families, remnants of the type once so common among the Russian peasants. Those families which still happen to possess in common one house work under one roof, but each group for itself — a mark of growing dissolution, rather than of concentration.

(4) Productive coöperative bodies, as stated before, are met with in backward industries ; but even there are insignificant, as may be seen from the following example quoted by Voronzof as the best practical proof of the vitality of the Russian *artel*. Out of eighty-eight pitch and tar works in a certain locality in the province of Perm, nineteen belong to *artels*, of which sixteen include two men each and three have three men each, making in all forty-one persons! How reasonable it is to expect these giants to thwart the growth of that foreign system of production, capitalism, the writer leaves to his readers to infer. What is far more interesting is the fact that these coöperative unions of two or three men have recourse to hiring labor at the first opportunity and thus "become tiny coöperative unions of employers. The independent factor in the economy of the people (as the *artel* is called by the Narodnics) is fast becoming a capitalistic institution." A famous *artel* which, from the very fact that it has prospered, has attracted considerable attention in Russia, has proved on closer examination to be nothing but an organization of workers, who collectively take orders for work from a large factory, enabling the latter to dispense with expenses of superintendence, maintenance of establishment, *etc.* It is thus doing the work of the contractor in the clothing industry in this country ; and, besides, it cannot be called an independent productive coöperative body, since it is not producing for the market and does not assume any risk of undertaking. Some *artels* of this sort are nothing but small stock companies employing as much labor as they can. The poorer artisans, being no longer able to compete with them, are compelled to become their employees. "What are these *artels*," questions the author, "bulwarks against or embryos of capitalistic production?" After all, the much vaunted "original" Russian institution turns out to be an infinitesimally small thing, as compared with the coöperative enterprises — in exchange, consumption and even in production — of the capitalistic countries of the "rotten West." After showing what destructive effects the *koostar* industry has on agriculture in general, and on the system of communal landholding

in particular, the author summarizes this part of his investigation under these two heads : (1) Peasants who are obliged to devote a considerable portion of their time to industrial work necessarily neglect their land and cultivate their allotments in the most primitive manner. (2) Receiving partial support from their land, they are enabled to sell products manufactured with the use of most primitive tools, and involving an enormous waste of time and labor, at prices which lead to a most deplorable condition of these "independent" producers.

"To speak of the good effects of the house industry on agriculture means utterly to disregard that mass of homeless peasants which is increasing more and more at present." Only by "idealizing the small bourgeois of the village can you totally ignore the lot of the masses." "We are suffering not from the development of capitalism, but from an insufficient development of it." Such are Volgin's conclusions; and he supports them by comparing the average earnings of the independent weaver with those of the factory weaver. The former makes from six to six and a half rubles a month;<sup>1</sup> while the latter makes from twelve to fourteen rubles, or more than double, besides other advantages the latter has over the former — as, for example, the absence of the truck system, better sanitary conditions (as proved by comparative tables of mortality), more cheerful social surroundings, greater opportunity for gaining some education for himself and his children (as shown by tables of illiteracy in the respective districts), *etc.* In conclusion, Volgin points out that only such industries remain so far uninvolved in the capitalistic process

as require the most insignificant means of production. But wherever the necessity arises for enlarging them, as soon as *capital* enters upon its rights, it leads to all the inevitable *capitalistic* consequences. . . . The gradual displacement of the *koostar* industry by other more perfect forms of production is a progressive phenomenon which best agrees with the interests of development and welfare of the individual in society.

<sup>1</sup> The purchasing power of a ruble is nearly equal to that of a dollar in the United States.



## III.

It is a most singular fact that in Russia the first able writers to point out the beneficent effects of capitalism, and to study its history and the part it has played in the development of the country have been the followers of Karl Marx. The great influence of the latter is so strongly felt in all parts of the field of Russian economic literature that it can hardly be overestimated. Both the advocates and the opponents of capitalistic development in Russia regard him as their spiritual father; and both try to show that theirs are the right conclusions to be drawn from the principles established by the master. It is no exaggeration to say that of the leading magazines fully two-thirds are avowedly socialistic in their tendencies, though only one clings strictly to the Marxian program.

Among the articles which have appeared in that magazine one deserves a brief review here, because of its pertinency to the subject under consideration. This article, entitled "The Historic Rôle of Capital in the Development of our Koostar Industry," gives some of the main conclusions which the author, Mr. Tugan-Baranovsky, has derived from the study of the economic history of Russia. He has made the remarkable discovery that the house industry of the peasants owes its origin to capitalistic enterprise, whereas until now the general opinion has been that the development was in the opposite direction. He takes up one industry after another, traces the history of its development for one or two centuries, and in every case<sup>1</sup> finds that the factory precedes the house industry. The latter, he concludes, passes through two sub-stages, which he designates by the German names *Lohnsystem* and *Kaufsystem*; and, finally, the cycle is completed by a development in the opposite direction and a return, in our time, to the factory system.

The reason for the strange order of development which characterized the first half of the cycle during the eighteenth and the first half of the nineteenth centuries is that the fac-

<sup>1</sup> Except a few, constituting a special category, which we cannot discuss here. All these points are fully elaborated in his forthcoming book on *The Russian Factory in its Historical Development*.

tories of that period had no advantage over the small producers in point of technical improvements. The large capitalists (mostly foreigners) generally took the initiative in starting new industries for the supply of distant markets. At first the peasants of the neighborhood worked in the factory; but very soon the employer found it to his advantage to give out the work to the peasants to be done by them at home, thus saving a considerable expense for administration, maintenance, *etc.* As a rule, however, while the industry was in this stage of extensive growth there was a great demand for its product, and consequently for labor, and the number of people acquainted with the trade was as yet small. Under these circumstances the peasant very soon found that it was advantageous to invest his savings *in buying raw material* for himself and in selling the product on the local market: that is, the house industry became a *koostar* industry, the *Lohnsystem* changed to a *Kaufsystem*, the factory was swallowed up by the workshop. This has been the history of every industry the products of which were not intended to supply the wants of the peasants — such as the weaving of cotton, wool and silk, and the manufacture of galloons, fringes, cartridges, toys, gloves, brushes, beaver hats, *etc.* The same process took place in the smaller metal industries — such as the manufacture of knives, locks, nails, *etc.* To conclude from this fact, however, that capitalism cannot strike root in Russian soil would, according to our author, be too rash. The factory could not hold its own in the struggle with the small producer, in spite of government protection and friendly legislation, so long as it had no economic advantages over its competitors.

Who would have thought [exclaims the author] that the struggle of large and small production in Russia during the period of servitude had such a different aspect from what it has now. Manufacturers appealing to the government for protection from the onslaught of the *koostar* — is it not a spectacle to which we are quite unaccustomed? <sup>1</sup> But the introduction of machinery and steam power

<sup>1</sup> *Novoie Slovo*, April, 1897, p. 13. The reader will notice that Tugan-Baranovsky is speaking here of capital in large industry, while Volgin has shown us the modern evolution of capitalistic production in the small industry itself.

has turned the tables in the game. The small producer is now no more able to compete with the machine product, and the market has been captured by the large manufacturer. Accordingly, we hear appeals for protection coming now from opposite quarters.

Is this a progressive process, or are we to deplore the downfall of the independent producer in his struggle with the large factory? In answering these questions the author shows that the small producer is far more at the mercy of capital than is the factory employee. Production is no more carried on for the local market ; and the *koostar* has no way of disposing of his product, except through the local wholesale buyer, who knows how to take advantage of the helplessness of the *koostar*—of his ignorance and poverty, and of his total dependence upon himself. The downfall of the small producer in Russia means a change from commercial capitalism to industrial capitalism ; but capitalism it was, and capitalism it will be in the near future. Of the two, however, the latter is by far to be preferred ; for it means industrial progress, growth—both extensive and intensive—of the productive powers of the nation and progress in all other spheres of life, as can be seen from the history of every country in the civilized world. But the triumph of capitalism in Russia means more for the latter than it did for the countries of Western Europe. While

the disappearance of the old-time craft in Western Europe was an undoubtedly progressive phenomenon, it is quite natural for that school of economists in Western Europe which is inclined to social romanticism to grieve over the ruin of the guild system and small production. The figure of the guild mechanic can easily inspire sympathy and regret. But let us turn to Russia. Our leading economists, sociologists and publicists have long ago accepted as an undoubted truth that if capitalism has any social historical mission to perform, it is purely negative. Capitalism in Russia merely destroys, but does not create anything—this is repeated by Messrs. V. V., N — on, and several others. After all that has been said here, it is easy to see that this view of the civilizing mission and the part played by our capitalism is based on utter ignorance of Russian industrial history and blind application to our conditions of the scheme of European development.

In the West, capitalism, while a potent progressive factor, had at the same time destroyed the social system based on the prevalence of small, independent production. One may grant that the old system had some sympathetic features, and in its best epoch secured a certain degree of prosperity to the small producer. In Russia we see nothing of the kind. Our small production, as we have tried to show, is to a very large extent the product of that very same capitalism, whose creative mission our economists have failed to perceive. The civilizing influence of capitalism in Russia is, therefore, still more important than in the West. Our factory sprang up, not from the ruins of handicraft, but, on the contrary, had itself been instrumental in creating new trades and handicrafts. The village industry of Muscovite Russia, fully subjected to the buying trader, bears no resemblance to the town industry of the West, just as our peasant *koostar* of that epoch, the serf of the landlord or of the state, but little resembles the liberty-loving citizen of the guild epoch. For that reason not even the social romanticists in Russia ought to regret the past. The development of capitalist industry means with us, not the substitution of one sort of culture for another (as in Western Europe), but the transition from non-culture to culture; and therefore the mission of capitalism in Russia not only was not "purely negative," but, on the contrary, here, more than anywhere else, it is clear what an important factor in industrial progress, in the rise of the productivity of national labor, the capitalistic factory and large production have come to be. . . . We are far from forgetting the several negative results accompanying the development of capitalism in Russia, as well as in Western Europe. But we insist that to see only these negative results and to forget the civilizing influence of capitalistic industry means not to understand the trend of all modern economic and social evolution.<sup>1</sup>

With these remarks the author closes his highly instructive article. They reveal to the American reader the content of the question, the influences now shaping Russian parties in politics and in literature, and the philosophic spirit which imbues the Marxist school.

Here are presented the chief points at issue in the present controversy between the Russian economists; the near future — if not the present — will show conclusively on whose side

<sup>1</sup> *Loc. cit.*, p. 32.

the truth lies. The most interesting feature in this whole discussion, however, is the remarkable influence which is exerted in Russia by Marx. The Narodnics as well as their opponents, the Marxists, rely mainly on Marx as their authority, so far as authority is recognized, and both look with confidence to the future for the triumph of socialism. Perhaps the best illustration of the interest with which Marx is read in Russia, and of the influence which he exerts there, can be found in the facts that the first translation of the first volume of *Capital* appeared in Russian in 1870, sixteen years before the appearance of the English version ; that, according to Marx's own statement, the best and earliest criticism of his work appeared in the Russian press ;<sup>1</sup> that, while the second volume remains still unknown to English readers, its Russian edition came close upon its appearance in German in 1885 ; and that, while the third volume has not been translated as yet into any other language, the Russian edition is nearly exhausted. What influence all this will have on the ever-present companion of capitalism — the labor movement — it is not easy to foresee.

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<sup>1</sup> See preface to second edition of *Capital*.